

## BIDDING PROCEDURES AND TERMS AND CONDITIONS OF SALE

Signature Lien Acquisitions III LLC (“Signature”) in conjunction with SPL Partners LLC (the “Debtor”) are pursuing a sale (the “Sale”) of the Debtor’s real property located at 9201 4<sup>th</sup> Avenue, New York, New York 11209 (the “Property”) by public auction (the “Auction”) to be conducted by Rosewood Realty Group (“Rosewood”) on April 14, 2023 commencing at 10:00 a.m., prevailing New York time.

**A. Bidding Procedures.** Set forth below are the bidding procedures (the “Bidding Procedures”) with respect to the Auction of the Property. On March 22, 2023, the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”) entered an order granting the motion of Signature seeking the approval of the Bidding Procedures to be employed in connection with the Auction.

The Auction shall be the subject of a defined marketing plan developed by Signature and Rosewood in consultation with the Debtor.

**B. Property to be Sold Free and Clear.** The Debtor shall sell all of its rights, title and interest in and to the Property, free and clear of all liens claims, taxes, and other adverse interests to the extent permitted by the confirmed Plan, the Bankruptcy Code and other applicable law, with the same to attach to the sale proceeds to the same extent, validity and priority, as existed prior to bankruptcy. The Closing shall occur no later than May 1, 2023, time of the essence. The sale of the Property shall be on an “as is, where is” basis and without representations or warranties of any kind, nature or description by the Debtor or Signature, or their agents, except to the extent set forth in a proposed asset purchase.

**C. Credit Bid.** Signature may credit bid up to the amount of its lien in the amount of \$25,080,894.23 as of February 28, 2023. If Signature is the winning bidder at auction, it shall be

required to fund only the following, in addition to its credit bid: (i) all Allowed Secured Class 1 and 3 Claims, (ii) all Allowed Priority and Administrative Expenses, inclusive of the DIP Loan (as that term is defined in the Settlement), Allowed Professional Fees and Allowed Receiver's fees and commissions, plus any outstanding U.S. Trustee fees; (iii) the Class 4 Initial Class Distribution of \$25,000; and a \$100,000 commission to the broker as a buyer's premium. Signature may also amend its Proof of Claim up until April 12, 2023 to reflect any additional amounts for purposes of its credit bid.

**D. Due Diligence.** The broker shall establish an electronic Data Room for the transaction and will coordinate physical inspection of the Property. Any entity who meets the criteria below ("Potential Bidder") and who wishes to conduct due diligence with respect to the Property must complete all due diligence prior to the Bid Deadline. Physical inspection of the Property will be granted during reasonable times on reasonable notice to the broker. The broker will grant access to the electronic Data Room to Potential Bidders.

**E. Qualification of Bids and Bidders.** In order to participate in the bidding process each Potential Bidder must timely submit a written bid in the minimum amount of \$28,254,000, an amount sufficient to pay (i) all Class 1 real estate tax liens in full (estimated at \$1,332,651); (ii) the Allowed Class 2 secured claim of Signature in full, together with interest after February 28, 2023 and reasonable legal fees and other costs (estimated to be \$25,740,871.13); (iii) the DIP loans together with all accrued interest (estimated to be \$105,574.37); (iv) all Allowed Administrative expense claims including Professional Fees of the Debtor's counsel and the Receiver (totaling \$253,020.43), as well as any outstanding U.S. Trustee quarterly fees (estimated to be \$219,817); (v) all allowed priority tax claims (\$30,054.23); and (vi) fund the

\$25,000 initial distribution to general unsecured creditors (the “Proposed Bid”) for a total of \$27,700,000; plus payment of a Buyer’s Premium of 2.0% (\$554,000) (the “Initial Bid”).

**F.**     **“Qualified Bidder”** is a Bidder that delivers a binding Initial Bid that in Signature’s and the Debtor’s reasonable discretion satisfies the following (a “Qualified Bid”):

- 1)     **Bid Deadline.** Each Bid Package (as defined below) must be delivered in written form to Rosewood via email addressed to greg@rosewoodrg.com so as to actually be received no later than at 4:00 p.m. (prevailing Eastern Time) on April 13, 2023 or such later date as may be jointly designated by Signature and the Debtor (the “Bid Deadline”).
- 2)     **Bid Package.** Each Bid must include (collectively, the “Bid Package”): (i) a written and signed irrevocable written offer stating that (x) the Prospective Bidder offers to consummate a sale transaction for a cash purchase price in an amount of the Initial Bid; (y) confirming that the bid if accepted as the high bid it will remain irrevocable until and through the Closing; and (z) that the Prospective Bidder has had the opportunity to conduct due diligence prior to its offer and does not require further due diligence, has relied solely upon its own independent review and investigation and did not rely on any written or oral representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Property, or the completeness of any information provided in connection therewith except as expressly stated in these Bidding Procedures.
- 3)     **Financial Information.** The Bid Package must contain such financial and other information that will allow Signature, in consultation with the Debtor, to make a

determination as to the Bidder's financial wherewithal and ability to consummate the transactions contemplated herein.

- 4) **Identity of Bidders.** Each Potential Bidder must fully disclose the identity of each entity that will be bidding for the Property, as well as disclose the organization form and the business conducted by each entity. Potential Bidders shall be required to provide such additional information as Signature and the Debtor may require regarding a Bidder's ability to satisfy the requirements of the transaction contemplated herein.
- 5) **Deposit.** A Bidder must submit funds in the amount of at least ten (10%) percent of the Initial Bid as a deposit (the "Deposit") to counsel for Signature pursuant to wire instructions to be provided upon request. The Deposit shall be tendered in the form of a bank check or wire transfer, to be delivered to Kirby Aisner & Curley LLP, counsel for the Debtor, as disbursing agent under the Confirmed Plan. The Successful Bidder shall forfeit the Deposit if the Successful Bidder withdraws the Bid or fails to timely close. The Deposit shall be returned to all other Bidders as soon as practicable after the Auction. The Debtor and Signature shall have the right to determine whether a bid is a Qualified Bid, in consultation with Rosewood, and shall notify Potential Bidders whether their Bids have been determined to be Qualified Bids prior to the Auction. Signature is deemed to be a Qualified Bidder with credit bid rights and does not need to tender a deposit. In addition to the requirements above, the Debtor and Signature may request additional information from any Potential Bidder to assist it in making its determination as to whether a Bid is a Qualified Bid.

- 6) **Auction.** The Auction shall be conducted on April 14, 2023 at 10:00 a.m. (prevailing Eastern Time) by Rosewood virtually via Zoom, with the link to be provided to Qualified Bidders no later than 5:00 p.m. on April 13, 2023.
- 7) The Auction shall be governed by the following procedures:
  - (a) **Participation.** Only the Qualified Bidders will be eligible to participate in the Auction, and each Qualified Bidder shall appear at the Auction itself or through a duly authorized representative. In the event a Qualified Bidder does not attend the Auction, the relevant Qualified Bid shall nonetheless remain fully enforceable against that Qualified Bidder in accordance herewith. The Debtor and Signature, in consultation with Rosewood will evaluate all Qualified Bids received and will select the Qualified Bid that reflects the highest or best offer for the Property.
  - (b) **Bidding.** Bidding at the Auction shall commence at an amount of at least the highest Initial Bid received, plus the Buyer's Premium of 2.0%. Qualified Bidders may then submit successive bids in increments of \$25,000 (the "Bid Increment"); provided, however, that Rosewood, in consultation with Signature and the Debtor shall retain the right to modify the Bid Increment at the Auction. Any bid received after the conclusion of the Auction shall not be considered for any purpose.
  - (c) **Successful Bid.** The Auction shall continue until there is only one offer that Signature and the Debtor determine, in consultation with Rosewood, is the highest or otherwise best offer from among the Qualified Bids submitted at the Auction (the "Successful Bid"). Within one business day after the conclusion of the Auction, the Successful Bidder shall supplement its deposit as applicable so that

the deposit equals 12.0% of the Successful Bid (10% Deposit and 2.0% Buyer's Premium).

(d) **Anti-Collusion.** At the commencement of the Auction, each Qualified Bidder shall be required to confirm in writing that it has not engaged in any collusion with any other party with respect to the bidding or the Sale.

(e) **Conduct of Auction.** The Auction will be conducted openly with the proceeding being transcribed and each Qualified Bidder being informed of the terms of the previous bid.

(f) **Extensions/Adjournment.** Signature and the Debtor reserve all rights to modify the Bidding Procedures at or prior to the Auction, including, without limitation, extending the deadlines set forth in the Auction procedures, modifying bidding increments, adjourning the Auction at the Auction.

**F. Hearing.** The Successful Bid will be subject to approval by the Bankruptcy Court pursuant to Order. The hearing to consider the results of the Auction (the "Hearing") will take place before the Hon. Elizabeth S. Stong at the United States Bankruptcy Court, 271-C Cadman Plaza East, Brooklyn, NY 11021 on May 1, 2023 at 1:00 p.m. (prevailing Eastern Time). The Hearing will be conducted via Zoom platform. Any party wishing to participate in the Hearing must use eCourt Appearances. Attorneys with a CM/ECF account may find the program under the "Utilities" menu after logging on to CM/ECF. Those without CM/ECF accounts may access the program on the website at <https://ecf.nyeb.uscourts.gov/cgi-bin/nyebAppearances.pl>. The Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court. Objections, if any, with respect to the approval of the Auction shall: (i) be in writing; (ii) specify with particularity the

basis of the objection; and (iii) be filed with the Court through the Court's electronic filing system no later than April 24, 2023.

**G. Consummation of the Sale.** Following the Hearing, the Successful Bidder (other than Signature) must be ready, willing and able to close on or before May 5, 2023, time of the essence. If for any reason the Successful Bidder fails to timely consummate the purchase of the Property, based upon a default, then it shall forfeit any deposits to the Debtor . Signature specifically reserves the right to seek all available damages for itself and the Debtor from the defaulting Successful Bidder.

**H. Jurisdiction.** The Bankruptcy Court shall retain exclusive jurisdiction over any matter or dispute relating to the sale of the Property, the Bidding Procedures, the Hearing, the Auction, the Successful Bid and/or any other matter that in any way relates to the foregoing.